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The FATS and OILS SITUATION

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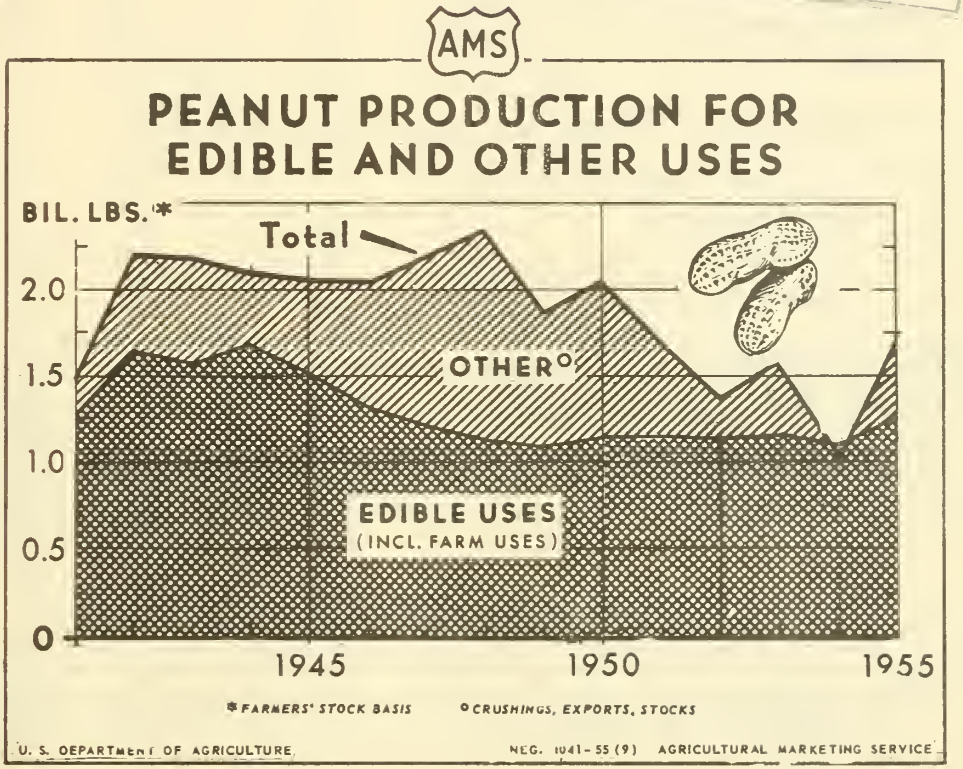
OF AGRICULTURE



PEANUT PRODUCTION FOR EDIBLE AND OTHER USES

Peanut production in 1955 is estimated at 1,689 million pounds, 666 million more than last year's short crop. Both acreage and yields are larger than last year. A crop of this size is well in excess of probable food and farm uses and a substantial quantity will be available for crushing, exports and for addition to stocks.

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE

Table 1.- Wholesale prices per pound for fats, oils, and glycerin at specified markets

Item	August		1955		
	1953	1954	June	July	August
	Cents	Cents	Cents	Cents	Cents
Babassu oil, tanks, New York	---	---	15.2	15.2	15.2
Butter, creamery, Grade A (92-score) bulk, New York	66.1	57.9	57.8	57.8	58.3
Butter, creamery, Grade B, (90-score) bulk, Chicago	63.3	55.0	55.3	55.3	55.3
Castor oil, dehydrated, tanks, New York	27.1	21.6	20.1	20.1	20.1
Castor oil, No. 1, tanks, f.o.b. New Jersey mills	22.0	17.0	15.5	15.5	15.5
Castor oil, No. 3, technical, drums, carlots, f.o.b. N.Y.	22.8	17.8	14.8	14.8	14.8
Coconut oil, crude, tank cars, Pacific Coast, f.o.b. mill 1/	16.9	15.3	14.8	14.6	13.6
Coconut oil, crude, tanks, Atlantic ports (tax included)	18.4	16.4	15.8	15.6	14.5
Coconut oil, Cochin type, refined, drums, N.Y. (tax included)	22.2	21.2	19.5	19.5	19.2
Cod oil, Newfoundland, drums, New York	9.9	9.5	11.0	11.0	11.0
Codliver oil, medicinal, U.S.P., barrels, New York	20.2	18.5	19.5	19.5	19.5
Corn oil, crude, tank cars, f.o.b. Midwest mills	14.1	14.6	14.9	13.8	12.7
Corn oil, refined, drums, New York	21.1	21.8	21.8	21.7	20.4
Cottonseed oil, crude, tank cars, f.o.b. S.E. mills	13.2	14.3	14.3	13.5	12.4
Cottonseed oil, p.s.y., bleachable, tank cars, New York 2/	14.7	16.0	16.3	14.9	14.1
Cottonseed-oil foots, raw (50 percent T.F.A) delivered East	1.0	1.5	1.7	1.7	1.7
Cottonseed oil, refined, drums, New York	20.8	21.9	21.9	21.4	19.9
Degras, common, barrels, New York	16.0	10.0	10.0	10.0	10.0
Glycerin, soaplye, basis 80 percent, tanks, New York	30.5	21.0	21.0	21.0	21.0
Grease, A white, tank cars, f.o.b. Chicago	4.3	5.9	6.4	7.0	7.1
Grease, yellow, tank cars, f.o.b. Chicago	2.9	5.1	5.8	6.5	6.5
Lard, loose, tank cars, Chicago	14.6	17.0	10.8	10.6	9.9
Lard, prime steam, tierces, Chicago	14.3	16.9	12.1	11.4	10.9
Lard, refined, 1-pound cartons, Chicago	19.1	21.7	15.0	15.2	14.1
Linseed oil, raw, tank cars, Minneapolis	14.2	16.0	13.1	13.2	13.5
Linseed oil, raw, drums, carlots, New York	17.0	18.8	15.8	16.0	16.4
Margarine, white, domestic vegetable, Chicago	27.0	27.0	26.0	26.0	26.0
Menhaden oil, light pressed, tanks, New York	10.0	10.4	10.0	10.0	10.0
Neat's-foot oil, 30°, drums, carlots, New York	30.0	30.0	30.0	30.0	30.0
Oiticica oil, drums, f.o.b. New York	24.1	18.4	13.5	14.7	15.2
Oleo oil, extra, drums, New York	14.5	17.9	14.8	14.6	14.8
Oleostearine, barrels, New York	8.4	10.8	11.1	10.8	10.6
Olive oil, imported, edible, drums, New York	34.7	28.7	30.7	30.7	31.3
Olive oil foots, domestic, drums, carlots, New York	---	---	---	---	---
Palm oil, Congo, drums, f.o.b. New York 3/	11.9	12.4	12.9	13.0	13.0
Peanut oil, crude, tank cars, f.o.b. S.E. mills	19.8	17.6	18.0	18.0	17.6
Peanut oil, refined, drums, New York	26.9	24.3	25.0	24.9	24.7
Rapeseed oil, refined (denatured), tanks, New York	17.0	17.0	16.0	16.0	16.0
Sardine oil, crude, tanks, Pacific Coast	---	---	9.0	9.0	9.0
Sesame oil, refined, drums, New York	36.0	36.0	36.0	36.0	36.0
Soybean oil, crude, tank cars, f.o.b. Midwest mills	10.8	14.8	12.6	11.6	11.3
Soybean oil, refined, drums, New York	16.6	21.1	19.0	18.6	18.3
Shortening, containing animal fat, 1-pound cartons, Chicago	27.3	29.0	27.6	27.0	26.2
Shortening, cottonseed, hydrogenated, 10-drum lots, New York	21.8	23.8	22.2	22.5	21.6
Sperm oil, natural, 45°, drums, New York	12.8	14.8	15.2	15.2	16.2
Tall oil, refined, tanks, works	5.0	5.0	5.2	5.2	5.2
Tallow, edible, loose, Chicago	8.2	9.4	8.5	8.8	8.6
Tallow, inedible, packers' prime, tank cars, f.o.b. Chicago	3.9	5.9	6.5	7.1	7.2
Tallow, No. 1, inedible, Chicago	3.2	5.4	6.0	6.6	6.5
Tung oil, imported, drums, carlots, f.o.b. New York	27.6	23.5	22.4	24.6	25.3
Tung oil, tanks, New York	27.9	22.0	23.4	25.8	26.3

1/ Three-cent processing tax added to prices as originally quoted.

2/ Near-by futures.

3/ Tax excluded. Tax does not apply to palm oil used in the manufacture of iron or steel products, tin and terne plate. Since 1943 these are the major uses of palm oil.

Prices compiled from Oil, Paint, and Drug Reporter; The National Provisioner; The Journal of Commerce (New York); Wall Street Journal, Chicago edition; reports of Bureau of Labor Statistics, and reports of Commodity Stabilization Service. Excise taxes and duties included where applicable.

THE FATS AND OILS SITUATION

Approved by the Outlook and Situation Board, September 20, 1955

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SUMMARY

Supplies of food fats in the marketing year beginning October 1, 1955 will be about as large as the year before with increased output offsetting a sharp reduction in beginning stocks. More soybean oil and lard will be produced since the 1955 soybean crop is the largest of record and slaughter of hogs is increasing. However, cottonseed oil production will be down because of the 7 percent reduction in the 1955 cotton crop.

Prices received by farmers for 1955 crop cottonseed probably will average above the CCC purchase price of $42 per ton, basis grade (100), but less than the $60 received for the 1954 crop. Prices of cottonseed oil and meal are down from a year ago and are expected to continue lower than a year ago at least through the winter.

Production of peanuts is up 65 percent from the small crop in 1954 and supplies in 1955-56 again will be plentiful in contrast with the year before. CCC will acquire a substantial quantity and prices are likely to average near the support program loan value.

Soybean supplies (production and beginning stocks) for 1955-56 are estimated at about 395 million bushels while total domestic use may run about 300 million. Consequently about 95 million bushels would be available for export and carryover stocks, about 45 percent more than the peak for these uses of the year before. Mainly because of lower prices and continued strong foreign demand exports are expected to rise well above the 1954-55 record of about 60 million bushels and the carryover on October 1, 1956 is not likely to be excessive.

OUTLOOK AND RECENT DEVELOPMENTS

Cottonseed Prices Down From Last Year

Based upon reports as of September 1, the 1955 cottonseed crop may total 5,310 thousand tons. This is 7 percent less than last year and the least since 1950. Reduced output reflects a 14 percent drop in acreage due primarily to a cut in the acreage allotment. The national average yield is the highest of record. Crop conditions as of September 1 were substantially better than on the same date a year earlier.

Prices to farmers are being supported by means of loans on farm stored cottonseed at $46 per ton, basis grade (100), $8 less than last year. Purchases will be made from producers at $42 per ton, basis grade (100). Cottonseed will be purchased from ginners at $46 per ton, basis grade (100). There is no products purchase program (that is no package buying of oil, meal and linters at stated prices) as there was in recent years.

Prices to farmers for 1955 crop cottonseed are expected to average above support but less than last year's season average price of $60 per ton. Farmers received $50 per ton for their cottonseed in August and prices declined in September.

Cottonseed meal prices were relatively stable in August-January of 1954-55, averaging $71 per ton (bagged, Memphis), they then declined considerably. Present prices for meal are about $10 per ton less than a year ago and are likely to continue lower through the winter. Although output of cottonseed meal may be about 10 percent less than a year earlier, total supplies of high protein feeds will be greater because of increased production of soybean meal. Other factors affecting demand and price for cottonseed meal are the better hay and pasture conditions in the South and corn output in this area is above average compared with a short crop in 1954.

Prices for cottonseed oil were relatively stable in 1954-55 (averaging 13.4 cents per pound, bulk, at S.E. mills) as the excess oil was tendered to CCC under the cottonseed products purchase program and a comparatively slow soybean crush and a strong domestic and export market for all food fats helped maintain a good demand for cottonseed oil. Prices for cottonseed oil are about 2.5 cents per pound less than a year ago. They probably will continue lower, at least through most of the winter, as supplies of all food fats probably will be ample.

Total tenders of 1954 crop cottonseed oil amounted to 226 million pounds, 13 percent of the oil produced. Comparable data for the 1951-53 crops are as follows: 1951 - 136 million, 8 percent; 1952 - 874 million, 49 percent; and 1953 - 384 million, 19 percent.

Large supplies of linters, the third important commodity obtained from cottonseed, and competition from wood pulp and felting materials have caused linter prices to decline sharply since 1950. Prices for 1954 crop linters were the lowest since 1939 and appear to have encouraged some pick up in consumption. Prices for most grades are now near a year ago and are expected to average close to last year's level. Production plus imports in the current marketing year will be smaller than domestic use and exports. Beginning stocks are large but mostly are owned by CCC and the Corporation has announced that its sales policy will be such as to minimize disruptions to commercial channels.

Record Supplies of Soybeans

Although the soybean crop deteriorated considerably during August, prospects are that this year's output will be about 388 million bushels--45 million more than last year's record. Harvested acreage is at a new high and the national average yield is greater than a year ago. Including the carryover expected on October 1, the total supply is estimated at about 395 million bushels compared with 344 million bushels a year earlier.

Crushings in 1955-56 of about 270 million bushels, 18 million more than the previous high, would be enough when combined with other oils and oil meals to provide ample quantities of oil and meal. If farm uses of beans run about 30 million bushels, about 95 million bushels would be available for export and carryover stocks. This would be about 45 percent more than the former peak for these combined uses. With prices substantially lower, exports are expected to rise well above the 60 million bushels (partly estimated) in the past year and carryover stocks on October 1, 1956 are not likely to be excessive.

CCC is not expected to carry into the new crop year much, if any, soybeans. As of early September, the Corporation had sold about 12.5 million bushels, over 4 million of which were for export. CCC now has less than a million bushels and these have been offered for domestic or export sale at market price.

Flaxseed Supplies Plentiful

Commercial flaxseed supplies in 1955-56 are estimated to be about 12 million bushels in excess of probable domestic use. Production is placed at 43 million bushels while domestic oil use may be equivalent to about 27 million bushels of flaxseed and about 4 million bushels will be needed for seed and feed. Commercial stocks of flaxseed and linseed oil at the end of the 1955-56 season are not likely to be any smaller than at the beginning when they probably were near a minimum.

CCC took over about 8.5 million bushels of 1954 crop flaxseed of which about 2.5 million bushels were sold for domestic use and about 1 million bushels for export. About 4.6 million bushels have been sold for toll crushing with CCC retaining the oil. The remaining quantity of flaxseed, about 350 thousand bushels, was sold for export in mid-September. CCC's linseed oil is available for domestic use through October 1955 at market price on date of sale but at not less than prices which together with current prices for linseed meal would reflect the 1954 support level for flaxseed--which is 23 cents per bushel above the support for the 1955 crop. The oil will be offered for sale for export on a competitive bid basis.

Farm prices for flaxseed have dropped about 25 cents per bushel since the beginning of the new marketing year, July 1, and at present are somewhat below support. If enough flaxseed is placed under support programs and/or exported, there could be some strengthening of prices later in the year.

Peanut Prices Around Support

Peanut output is forecast at 1,689 million pounds, up 65 percent from last year's short crop. Both acreage and yields are greater than a year ago. The rise in acreage reflects a 7.5 percent increase in the allotments and the picking and threshing of a greater percentage of the allotted acreage. The largest percentage increase in production is in the Southwest area.

In recent years, civilians have been consuming about 6.5 pounds of peanuts (farmers' stock basis) per person. Consumption dropped about half a pound this past year as supplies were limited and prices rose sharply. (The import quota for the year was raised from 2 to 51 million pounds, shelled basis, in March and in May all restrictions on the quantity of shelled peanuts to be imported in the 1954-55 marketing year were removed.) Consumption in 1955-56 probably will return to well over 6 pounds per person. If farm uses are about the same as in the last few years, about 450 million pounds of peanuts would be available for crushing, exports and for addition to stocks.

With the crop well in excess of food and farm uses prices are expected to be near the loan value, which is about half a cent less than support. The loan value is the support price less charges for storage, inspection and grading and for expenses of the cooperatives that market the peanuts. The national average support price for all types is 12.2 cents per pound.

Food Fats

Stocks Reduced

Total disappearance of all food fats in October 1954-July 1955 increased greatly from a year before, while output was up only 1 percent. As a result, stocks on July 31, 1955 were down sharply from a year earlier. Large increases took place in both exports and domestic disappearance. (See table 5.)

The 1 percent rise in production of food fats for the first 10 months of the 1954-55 crop year came about as a sharp rise in lard more than offset declines in butter and edible oils. Farmers raised more hogs in 1954 and hog slaughter increased. Also, yields of lard per animal killed were higher. Butter production was down 8 percent. Milk output remained about the same as a year ago but a larger percentage was consumed in the form of fluid milk. Output of edible vegetable oils was down slightly from a year before because reduced output of cottonseed oil more than counterbalanced an increase in soybean oil. Controls on cotton in 1954 were reflected in a smaller crop while farmers harvested more soybeans than in any prior period.

Exports of all food fats including the oil equivalent of oil seeds exported for crushing in October 1954-July 1955 were the most of record and about 35 percent above the year before. Increases were recorded for all the major categories.

The rise in exports is due to many factors. Prices have been lower than a year ago. CCC sold for export on a bid basis large quantities of cottonseed oil at competitive world prices but which were well below domestic market levels. Increased supplies of lard and soybeans pushed prices substantially under the year before. The U. S. is about the only major exporter of lard. A high level of

Table 2.- Cottonseed: Supply and disposition, crop year basis, 1950 to date

Item	Year beginning August						
	1950	1951	1952	1953	1954 1/	1955 2/	1956
	1,000 tons	1,000 tons	1,000 tons	1,000 tons	1,000 tons	1,000 tons	1,000 tons
Supply							
Stocks, August 1	288	66	137	155	229	209	2/150
Production	4,105	6,286	6,190	6,748	5,702	5,310	
Total supply	4,393	6,352	6,327	6,903	5,931	5,519	
Disposition							
Crushed	3,723	5,476	5,563	6,256	5,249	4,925	
Exports	6	11	25	15	21	20	
Seed	419	415	406	346	3/	3/	
Residual 4/	179	313	178	57	452	424	
	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	
Price per ton							
Support to farmers 5/	47.00	61.50	62.40	50.50	50.00	42.00	
Received by farmers	86.60	69.30	69.60	52.70	60.30		
Price and value of products							
Meal, per ton 6/	71.70	77.85	72.45	60.39	62.05		
Hulls, per ton 7/	18.00	17.40	17.20	11.70	14.10		
	Ct.	Ct.	Ct.	Ct.	Ct.		
Oil, per pound 8/	20.4	13.0	14.2	13.6	13.4		
Linters, per pound 9/	16.2	8.7	6.0	4.5	3.8		
	Dol.	Dol.	Dol.	Dol.	Dol.		
Combined value 10/	131.67	97.70	96.28	84.52	84.89		

1/ Preliminary.
2/ Forecast.
3/ Not available, included in residual.
4/ Includes feed, fertilizer, and loss.
5/ Purchase price.
6/ 41-percent protein, bulk, carlots, Memphis.
7/ Carload lots, Atlanta.
8/ Crude, f.o.b. Southeastern mills.
9/ Weighted average price for all grades and market points, f.o.b. mill.
10/ Combined (weighted) value of products per ton crushed. Not directly comparable with U. S. average cottonseed prices.

Table 3.- Soybeans: Supply and disposition, crop year basis, 1949 to date

Item	Year beginning October						
	1949	1950	1951	1952	1953	1954 1/	1955
	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.
Supply							
Stocks, Oct. 1	3.2	2.9	4.2	3.6	10.1	1.3	2/ 5
Production	234.2	299.3	282.5	298.1	268.5	342.8	388
Total supply	237.4	302.2	286.7	301.7	278.6	344.1	393
Disposition							
Crushed	195.3	252.0	244.3	234.4	213.2	247	
Exports	13.1	27.8	17.0	31.9	39.7	60	
Seed and feed	21.5	21.0	21.6	22.4	24.8	27	
Residual 3/	4.6	-2.8	.2	2.9	-.4	5	
	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.
Price per bushel							
Support	2.11	2.06	2.45	2.56	2.56	2.22	2.04
Received by farmers	2.16	2.47	2.73	2.72	2.72	2.52	
Price and value of products							
Meal, per ton 4/	64.30	64.44	83.33	67.57	78.63	60.50	
	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	
Oil, per pound 5/	12.3	17.8	11.3	12.1	13.5	12.0	
	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	
Combined value 6/	2.77	3.26	3.12	2.95	3.38	2.69	

1/ Partly estimated.

2/ Forecast.

3/ Includes fed to livestock on farms other than where produced, direct use for food and statistical discrepancies.

4/ Bulk, Decatur.

5/ Crude, tank cars, f.o.b., midwest mills.

6/ Combined (weighted) value of products per bushel crushed. Not directly comparable with U. S. average soybean prices.

Table 4.- Flaxseed: Supply and disposition, crop year basis, 1950 to date

Item	Year beginning July					
	1950	1951	1952	1953	1954	1955
	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels
Total stocks, July 1 1/	46.4	46.1	45.1	41.2	31.6	17.9
Supply of flaxseed						
Stocks, July 1	17.0	12.3	11.5	10.0	14.0	10.9
Production	40.2	34.7	30.2	36.7	41.5	43.0
Total supply	57.2	47.0	41.7	46.7	55.5	53.9
Disposition of flaxseed						
Crushed	42.3	30.2	25.2	27.8	32.3	
Exports	2.9	4.2	.2	2.4	8.6	
Seed	2.7	2.3	3.0	3.7	3.6	
Residual	-3.0	-1.2	3.3	-1.2	.1	
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
Price per bushel						
Support	2.57	2.65	3.77	3.79	3.14	2.91
Received by farmers	3.34	3.71	3.72	3.64	3.03	
Price and value of Products						
Meal, per ton 2/	58.80	65.09	72.32	65.27	61.41	
	Cents	Cents	Cents	Cents	Cents	
Oil, per pound 3/	18.8	16.7	15.0	14.8	13.6	
	Dollars	Dollars	Dollars	Dollars	Dollars	
Combined value 4/	4.82	4.55	4.33	4.12	3.80	

1/ Includes flaxseed equivalent of linseed oil.

2/ Bulk, Minneapolis.

3/ Crude, tank carlots, Minneapolis.

4/ Combined (weighted) value of products per ton of flaxseed crushed. Not directly comparable with U. S. average flaxseed prices.

economic activity in Europe was reflected in a strong demand for all fats and oils. Also, there may have been some effort to build stocks in Europe. Japan, our major single market, took more of our soybeans because of a reduction in her domestic oilseed crops, chiefly rapeseed and soybeans. Government programs such as those under Public Laws 480 (sales for foreign currency for quantities over and above those amounts normally taken; famine relief and other assistance) and 665 (permits the use of foreign currency for the purchase of surplus products) tended to increase our exports of cottonseed oil and lard. Spain and Argentina purchased large quantities of cottonseed oil under these programs to offset reduced domestic output of edible oils. From the beginning of the marketing year to date, the U. S. Government has issued purchase authorizations of 44 million dollars for cottonseed oil and 6.6 million dollars for lard. Butter exports rose sharply because of an expansion in the Government's donations program. Donations totaled 137 million pounds in October 1954-July 1955 compared with 35 million a year earlier.

Domestic disappearance of food fats in October 1954-July 1955 was 6 percent more than the year before. Consumption per person probably was up about a pound. (See table 7.) More butter, shortening, cooking, salad and other edible oils were used. Lower butter prices through March 1955 and Government donations to school lunch programs and to various domestic charitable and relief organizations contributed to the rise in consumption. Domestic donations of butter totaled 95 million pounds, 32 million more than a year before. Donations of edible oils, 46 million pounds, were up 10 million from a year before. Use of margarine rose at the same rate as the population. Total domestic consumption of lard was up about 10 percent, or 126 million pounds, with practically the entire increase going into shortening. Lard use in shortening, at 233 million pounds, was up 118 million from a year earlier. During most of this crop year lard has been selling at a discount compared with edible vegetable oils. This has encouraged greater use of lard in shortening.

Stocks of all food fats on July 31, 1955 were 40 percent below the record of a year earlier. Only about half of last year's edible oil supply was on hand while butter stocks also were down sharply. Lard stocks, although double last year's small quantity, still were not particularly large. CCC on July 31 owned 54 million pounds of cotton oil compared with 847 million last year. On September 9, 1955 the Corporation's holdings had been reduced to 38 million pounds. All of the drop in butter was in CCC's supplies as commercial holdings increased sharply. CCC stocks declined from 446 million pounds in 1954 to 259 million on July 31, 1955 and 216 million pounds on August 31, 1955. Commercial supplies rose from a comparatively low level of 58 million to 93 million pounds on July 31, 1955 and then increased to 110 million at the end of August.

Nonfood Uses Down Slightly

Total domestic disappearance of all nonfood fats and oils through June was slightly less than a year earlier--15.0 pounds per person compared with 15.2 pounds. All of the drop was in use in soap. Other outlets took more fats and oils.

Soap uses dropped about 150 million pounds, or 15 percent as synthetic detergents continued to take over more of the market. The Association of American Soap and Glycerine Producers reports that its members increased their sales of synthetic detergents by 7.5 percent in January-June 1955 while their soap sales fell off 9.4 percent. Consumption of coconut oil declined about 5 percent mainly because of reduced use in soap.

Use in drying oils rose about 45 million pounds over a year ago while consumption in other industrial products increased over 110 million pounds. The high level of economic activity accounts for the expansion. Domestic disappearance of linseed oil was about 5 percent greater. Consumption of soybean oil in drying oil products increased about 40 million pounds or 20 percent. Nonfood uses of all food fats increased slightly (table 8).

Although production of inedible tallow and greases so far this marketing year has been more than in any comparable period, total disappearance has been large enough to require some reduction in stocks. Stocks on July 31, 1955 were 11 percent below a year ago and the lowest for that date since 1946. Prices in mid-September were about one cent more than a year earlier. Exports have been averaging about 100 million pounds per month--a record rate. The Netherlands are the biggest single importer and shipments to that area increased sharply. Other major importers are Italy, Japan, Western Germany and the Union of South Africa. Total domestic disappearance in October 1954-July 1955 rose 2 percent over last year. Although use in soap declined 107 million pounds, 13 percent, more was consumed in other products.

CCC Sells Tung Oil

Severe frost damage cut the 1954 tung crop to 15 million pounds of oil compared with 39 million a year earlier. Imports will total about 25 million pounds, 15 million less than a year ago. Argentina and Paraguay, the major sources of supply now that imports of Chinese tung oil are prohibited, have agreed to limit their exports entering the U. S. to 24 million pounds through the year ending October 31, 1955. Imports from other sources probably will amount to one million pounds. Thus total commercial supplies for 1954-55 are about 40 million pounds. Domestic use may be about 46 million pounds (compared with 49 million last year) and one million pounds have been exported. (Domestic use through July totaled 38 million pounds.) Hence, the commercial deficit for the current year will run about 7 million pounds.

The Commodity Credit Corporation has sold 17 million pounds of tung oil since November 1, 1954, the beginning of the marketing year for tung. These sales reflect not only the shortage in commercial supplies in 1954-55 but also an effort on the part of users to build up their stocks in anticipation of another small crop in 1955. CCC sales are on a bid basis and in recent months were made at prices about 3 to 4 cents about the current support level of 21.2 cents per pound (f.o.b. tank cars, Southern mills). Prices at New York have increased about 4 cents per pound since November. As of mid-September, the Corporation still owned 21 million pounds of tung oil, but additional sales probably will be made before November.

DIFFERENCES BETWEEN EARLY-SEASON FORECASTS AND FINAL ESTIMATES OF PRODUCTION OF FATS AND OILS

The July issue of The Fats and Oils Situation carried a summary of an article on effects on outlook forecasts of differences between early-season and final estimates of production for oilseeds, peanuts, and tung nuts. The original article has been expanded to include a discussion of forecasts relating to overall demand factors and to production forecasts for major groups of fats and oils. Material relating to the latter is summarized in the paragraphs that follow. 1/

1/ The full article, by Hyman Weingarten, was released in late September under the title "Oilseeds, Fats and Oils: Effects on Outlook Forecasts of Differences Between Early-Season and Final Estimates for Supply and Demand Factors." Copies can be obtained by writing the Division of Marketing Information, Agricultural Marketing Service, U. S. Department of Agriculture, Washington 25, D. C.

Table 5.- Selected fats and oils: Supply and disposition, October-July

Item	Production		Exports 1/		Domestic disappearance		Ending stocks	
	Oct. 1953-July 1954	Oct. 1954-July 1955	Oct. 1953-July 1954	Oct. 1954-July 1955	Oct. 1953-July 1954	Oct. 1954-July 1955	July 31, 1954	July 31, 1955
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
Butter, except farm	1,268	1,163	39	170	1,047	1,130	504	352
Lard, except farm	1,710	2,012	388	511	1,306	1,434	58	118
Beef fats	213	221	33	27	173	186	14	18
Edible oils 2/	4,666	4,574	918	1,230	3,765	3,854	1,250	624
Total food	7,857	7,970	1,380	1,938	6,291	6,604	1,826	1,111
Shortening	1,594	1,729	16	38	1,568	1,648	99	139
Margarine	1,123	1,141	7	7	1,113	1,130	23	24
Tallow and grease	2,173	2,313	982	1,036	1,267	1,291	289	257
Coconut oil	3/ 481	3/ 483	10	8	465	436	62	98
Linseed oil	481	474	394	211	417	426	258	91

1/ Includes shipments.

2/ Includes corn, cottonseed, olive, peanut and soybean oils. Production and exports also include oil equivalent of soybeans and peanuts exported for crushing.

3/ Imports and production from imported material.

Table 6.- Wholesale price per pound of leading fats and oils, United States, specified periods

Item	1953-1954				1954-1955			
	Oct. 1953	Jan. 1954	April 1954	Sept. 1954	Oct. 1954	Jan. 1955	April 1955	Mid-Sept. 1955
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Butter, 92-score, Chicago	67.4	65.3	57.3	58.4	59.1	57.4	57.3	58.0
Lard, tank carlots, Chicago	15.8	15.3	19.1	15.5	14.2	11.5	11.8	10.0
Cottonseed oil, crude, South East mills	13.5	12.3	14.3	13.5	12.8	13.0	13.4	11.0
Soybean oil, crude, tank cars, Midwest mills	13.3	12.1	14.1	13.5	12.1	12.2	11.6	10.2
Coconut oil, crude, tank cars, Pacific Coast 1/	19.2	19.3	16.4	14.9	15.7	15.8	14.7	13.6
Linseed oil, raw, tank cars, Minneapolis	16.0	14.8	14.1	15.2	14.5	12.3	12.5	13.5
Tung oil, tanks, New York	25.7	23.7	22.6	21.5	22.0	22.1	23.4	25.6
Inedible tallow, prime, Chicago	4.5	6.5	6.9	6.3	6.7	7.8	6.7	7.2

1/ Three cents added to allow for tax on first domestic processing.

Compiled from Oil, Paint, and Drug Reporter; The National Provisioner; Wall Street Journal, Chicago edition; and reports of Commodity Stabilization Service.

Table 7.- Domestic disappearance of food fats, and fats and oils used in industrial products, year beginning October 1954 with comparisons

Year and Item	Unit	Oct.-Dec.	Jan.-Mar.	Apr.-June	July-Sept.	Total
1952-53						
Butter:						
Actual weight	Mil.lb.	351	314	378	330	1,373
Fat content	Mil.lb.	283	253	304	265	1,105
Margarine:						
Actual weight	Mil.lb.	341	353	288	299	1,281
Fat content	Mil.lb.	278	287	234	241	1,040
Lard (direct)	Mil.lb.	510	472	435	422	1,839
Shortening	Mil.lb.	414	413	331	424	1,582
Other edible 1/	Mil.lb.	288	346	370	382	1,386
Food (fat content):						
Total	Mil.lb.	1,773	1,770	1,673	1,735	6,951
Per person 2/	Lb.	11.1	11.0	10.4	10.7	43.1
Soap 3/ 4/	Mil.lb.	346	350	315	278	1,289
Drying oil products 5/	Mil.lb.	234	250	260	248	992
Other industrial products 4/	Mil.lb.	279	268	308	273	1,128
All industrial products:						
Total	Mil.lb	859	868	883	799	3,409
Per person 2/	Lb.	5.4	5.4	5.5	4.9	21.1
All products (fat content):						
Total	Mil.lb.	2,632	2,638	2,556	2,534	10,360
Per person 2/	Lb.	16.4	16.4	15.8	15.6	64.2
1953-54						
Butter:						
Actual weight	Mil.lb.	373	350	387	364	1,474
Fat content	Mil.lb.	300	281	311	293	1,185
Margarine:						
Actual weight	Mil.lb.	346	369	309	314	1,338
Fat content	Mil.lb.	282	303	249	254	1,088
Lard (direct)	Mil.lb.	462	442	366	375	1,645
Shortening	Mil.lb.	492	469	481	454	1,896
Other edible 1/	Mil.lb.	331	334	385	443	1,493
Food (fat content):						
Total	Mil.lb.	1,868	1,829	1,792	1,819	7,308
Per person 2/	Lb.	11.5	11.2	10.9	11.0	44.6
Soap 3/ 4/	Mil.lb.	364	339	284	259	1,246
Drying oil products 5/	Mil.lb.	236	208	242	256	942
Other industrial products 4/	Mil.lb.	278	247	277	268	1,070
All industrial products:						
Total	Mil.lb.	877	794	804	784	3,259
Per person 2/	Lb.	5.4	4.9	4.9	4.7	19.9
All products (fat content):						
Total	Mil.lb.	2,745	2,623	2,596	2,603	10,567
Per person 2/	Lb.	16.8	16.0	15.8	15.8	64.4
1954-55						
Butter:						
Actual weight	Mil.lb.	403	388	390		
Fat content	Mil.lb.	325	313	314		
Margarine:						
Actual weight	Mil.lb.	359	366	323		
Fat content	Mil.lb.	288	293	259		
Lard (direct)	Mil.lb.	465	431	376		
Shortening	Mil.lb.	513	490	505		
Other edible 1/	Mil.lb.	369	365	450		
Food (fat content):						
Total	Mil.lb.	1,960	1,892	1,903		
Per person 2/	Lb.	11.8	11.4	11.4		
Soap 3/ 4/	Mil.lb.	291	280	267		
Drying oil products 5/	Mil.lb.	220	225	285		
Other industrial products 4/	Mil.lb.	282	304	329		
All industrial products:						
Total	Mil.lb.	793	809	881		
Per person 2/	Lb.	4.8	4.9	5.3		
All products (fat content):						
Total	Mil.lb.	2,753	2,701	2,785		
Per person 2/	Lb.	16.6	16.2	16.7		

1/ Mainly salad and cooking oils. Includes all oils and fats (other than butter, lard, margarine, and shortening) used in mayonnaise and salad dressing, bakery goods, and confectionery, commercial roasting and frying, etc. 2/ Civilian and military. 3/ Excludes fat equivalent of exports and shipments of soap. 4/ Fat equivalent of soap used in synthetic rubber is included with "Other industrial products." Prior to 1949, most of the fats and oils used in synthetic detergents is believed to have been reported as used in soap. Beginning in January 1949, this use of fats and oils is entirely included in "Other industrial products." 5/ Paints, varnishes, floor coverings, oilcloth, printing inks, core oils, synthetic resins, insulation, linings, packings, coated fabrics (other than oilcloth), caulking and other protective coatings.

Computed from reports of the Bureau of the Census and United States Department of Agriculture. Total and per person estimates computed from unrounded numbers.

Table 8.- Calculation of domestic disappearance of fats and oils, except butter, used in food, year beginning October 1954 with comparisons

Year and item	Unit	Oct.-Dec.	Jan.-Mar.	April-June	July-Sept.	Total
1952						
Fats and oils used principally for food 1/						
Production	Mil.lb.	2,507	2,171	1,630	1,422	7,730
Net exports	Mil.lb.	349	268	223	195	1,035
Increase (+) or decrease (-) in stocks	Mil.lb.	+543	+285	-48	-298	+482
Nonfood uses	Mil.lb.	160	148	139	115	562
Other fats and oils, food uses 2/	Mil.lb.	35	48	52	60	195
Net domestic disappearance of fats and oils for food (butter excluded)						
Total	Mil.lb.	1,490	1,517	1,369	1,469	5,846
Per person, civilian and military	Lb.	9.3	9.4	8.5	9.1	36.2
1953 3/						
Fats and oils used principally for food 1/						
Production	Mil.lb.	2,534	2,164	1,646	1,431	7,775
Net exports	Mil.lb.	466	412	392	247	1,517
Increase (+) or decrease (-) in stocks	Mil.lb.	+408	+135	-294	-371	-122
Nonfood uses	Mil.lb.	136	132	124	92	484
Other fats and oils, food uses 2/	Mil.lb.	44	62	56	63	225
Net domestic disappearance of fats and oils for food (butter excluded)						
Total	Mil.lb.	1,567	1,547	1,480	1,526	6,121
Per person, civilian and military	Lb.	9.6	9.5	9.0	9.2	37.3
1954 3/						
Fats and oils used principally for food 1/						
Production	Mil.lb.	2,577	2,176	1,760		
Net exports	Mil.lb.	768	535	363		
Increase (+) or decrease (-) in stocks	Mil.lb.	+130	-27	-268		
Nonfood uses	Mil.lb.	128	146	136		
Other fats and oils, food uses 2/	Mil.lb.	71	57	60		
Net domestic disappearance of fats and oils for food (butter excluded)						
Total	Mil.lb.	1,623	1,579	1,589		
Per person, civilian and military	Lb.	9.8	9.5	9.5		

1/ Includes lard, oleo oil, oleo stock, oleo stearine, edible tallow, corn, cottonseed, peanut, soybean and edible olive oil. Production and exports include oil equivalent of exported soybeans and peanuts for crushing abroad. Net exports also include margarine, shortening and vegetable stearine, and shipments. Change in stocks includes secondary oils, shortening, margarine and estimates for farm lard.

2/ Mainly babassu, coconut, palm-kernel and sesame oils. 3/ Preliminary.

Compiled from reports of the Bureau of the Census and United States Department of Agriculture. Totals and per person estimates computed from unrounded numbers.

Table 9.- Cottonseed oil: Supply and disposition and oil equivalent of exports of cottonseed, 1947 to date 1/

Year beginning August	Supply				Disposition		Cottonseed oil equivalent of exports
	Production	Imports	Stocks, August 1	Total	Exports	Domestic disappearance	
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
1947	1,276	4	186	1,466	33	1,313	2
1948	1,704	2/	120	1,824	82	1,558	2
1949	1,847	---	185	2,032	147	1,670	3
1950	1,197	---	215	1,412	61	1,184	2
1951	1,751	---	167	1,918	120	1,396	3
1952	1,823	2/	402	2,226	55	1,200	4
1953	2,068	---	971	3,039	351	1,691	5
1954 3/	1,735	---	996	2,731	683	1,651	7
1955			398				

1/ Totals computed from unrounded data.
2/ Less than 500,000 pounds.
3/ Preliminary.

Table 10.- Cottonseed oil: Utilization, year beginning July, 1950-1954 and calendar year, 1947-1954

Year beginning July 1/	Food uses				Nonfood uses				Total domestic disappearance
	Shortening	Margarine	Other	Total	Soap	Foots and loss	Other	Total	
	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.
1950	378	334	423	1,135	2/	103	7	110	1,245
1951	408	391	449	1,248	2/	122	6	128	1,376
1952	331	290	465	1,086	2/	123	6	129	1,216
1953	562	349	567	1,478	---	135	4	139	1,617
1954	556	334	705	1,595	---	98	6	104	1,699
Calendar year									
1947	300	323	403	1,025	1	77	4	83	1,108
1948	321	453	495	1,269	1	99	3	102	1,371
1949	532	431	475	1,438	2/	136	10	146	1,584
1950	549	418	457	1,424	1	148	30	178	1,602
1951	335	334	373	1,043	2/	98	7	105	1,148
1952	388	354	477	1,218	2/	123	5	128	1,346
1953	376	275	497	1,148	2/	128	4	132	1,280
1954	640	397	671	1,708	2/	123	4	127	1,835

1/ Not readily available on an August year basis.
2/ Less than 500,000 pounds.

Table 11.- Peanuts: Supply and disposition (farmers' stock basis), United States, 1937-55

Year beginning Sept. 1	Production	Stocks Sept. 1	Total supply 1/	Exports and shipments	Crushed for oil	Seed, feed, farm loss and shrinkage	Domestic food use		
							Military	Civilian	Civilian per capita
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Lb.
Average 1937-41	1,395	122	1,522	3	320	197	15	891	6.7
1942	2,193	115	2,312	4	448	328	146	1,170	8.9
1943	2,176	216	2,393	36	378	418	223	1,092	8.4
1944	2,081	246	2,412	29	431	314	288	1,140	8.7
1945	2,042	210	2,252	63	378	273	14	1,243	9.1
1946	2,038	281	2,319	252	534	296	---	1,036	7.2
1947	2,182	201	2,383	483	478	293	3	951	6.5
1948	2,336	175	2,511	762	483	227	6	914	6.2
1949	1,865	119	1,984	131	612	229	7	887	5.9
1950	2,037	118	2,155	72	642	226	14	948	6.2
1951	1,676	253	1,929	4	415	173	10	995	6.4
1952	1,366	332	1,698	3	198	136	10	1,010	6.4
1953	1,589	341	1,930	226	305	134	10	1,039	6.5
1954 2/	1,023	216	1,413	8	92	160	10	978	6.0
1955 3/	1,689	3/165	1,855			150	(1,080)		

1/ Includes imports which are negligible in every year except in 1944 and 1954 when 85 million and 174 million pounds, respectively, were imported.

2/ Preliminary.

3/ Forecast.

Table 12.- Peanuts: Acreage, yield, price and quantity acquired by CCC

Year beginning Sept. 1	Acreage			Yield per acre	Price			Acquired by CCC
	Allotment	Picked and threshed			U. S. average support	Received by farmers	Paid for crushing	
		Total	Percentage of allotment					
	1,000 acres	1,000 acres	Percent	Pounds	Cents	Cents	Cents	Million pounds
1949	2,629	2,308	88	808	10.5	10.4	4.4	763
1950	2,200	2,268	1/ 103	898	10.8	10.9	7.5	835
1951	1,889	2,009	1/ 106	834	11.5	10.4	6.2	540
1952	1,706	1,460	86	936	12.0	10.9	7.2	99
1953	1,679	1,528	91	1,040	11.9	11.1	6.5	297
1954	1,610	1,388	86	737	12.2	12.2	---	---
1955	2/ 1,731	1,656	96	1,020	12.2			

1/ Producers could harvest without penalty peanuts in excess of their allotments if these peanuts were sold for crushing.

2/ The original 1955 allotment of 1,610 thousand acres was increased by 7.5 percent in May 1955.

Table 13.- Peanuts: Domestic disappearance for food uses (farmers stock basis, except where otherwise indicated)

Year beginning Sept. 1	Shelled	Cleaned roasting stock	Farm use	Total use for food		Per capita use		
				Total	Kernel basis	Shelled only	Total	Kernel basis
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Lb.	Lb.	Lb.
1937-41								
Average	770	73	63	907	609	5.8	6.8	4.6
1942	1,159	62	96	1,317	904	8.4	9.6	6.6
1943	1,145	82	88	1,315	884	8.2	9.4	6.3
1944	1,225	108	95	1,428	991	8.7	10.1	7.0
1945	1,089	84	84	1,257	882	7.6	8.8	6.2
1946	876	67	91	1,034	712	6.0	7.1	4.9
1947	801	70	82	953	667	5.4	6.5	4.5
1948	777	71	72	920	644	5.2	6.1	4.3
1949	777	67	55	899	635	5.1	5.9	4.2
1950	837	69	55	961	677	5.4	6.2	4.4
1951	872	81	49	1,002	697	5.5	6.3	4.4
1952	888	79	52	1,019	701	5.5	6.3	4.4
1953	915	81	48	1,044	719	5.6	6.4	4.4
1954 1/	872	71	45	988	680	5.2	5.9	4.1

1/ Partly estimated.

Table 14.- Shelled peanuts (all grades): Supply and disposition

Year beginning September	Production	Imports	Beginning stocks	Exports 1/	Domestic disappearance			
					Total	Crushings	Edible use	
							Total	Per capita
	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Lb.
Average								
1938-41	554	4	63	2	558	32	527	3.9
1942	888	3	53	3	839	44	796	5.8
1943	863	---	100	22	825	54	770	5.5
1944	1,018	59	118	19	1,066	217	850	6.0
1945	1,055	---	109	41	966	202	764	5.4
1946	903	2/	158	160	789	186	602	4.2
1947	1,000	2/	112	330	694	134	560	3.8
1948	1,267	2/	88	526	770	226	544	3.6
1949	1,062	2/	58	90	967	415	552	3.6
1950	1,107	2/	63	50	1,004	415	589	3.8
1951	724	---	117	1	752	144	607	3.8
1952	752	---	88	1	747	136	611	3.8
1953	1,006	2/	92	155	840	210	630	3.9
1954 3/	525	120	103	5	663	63	600	3.6
1955			4/ 80					

1/ Includes shipments. 2/ Less than 500,000 pounds. 3/ Partly estimated. 4/ Estimated.

Table 15.- Shelled peanuts (edible grades): Reported and unreported use

Year beginning September	Reported use					Un- reported	Total
	Candy	Salted	Peanut butter	Other	Total		
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
1944	173	247	300	18	738	112	850
1945	159	172	333	15	679	85	764
1946	146	151	259	12	568	34	602
1947	120	117	251	5	493	67	560
1948	107	120	250	7	484	60	544
1949	126	118	256	9	510	42	552
1950	118	133	273	6	531	58	589
1951	119	140	274	6	539	68	607
1952	120	148	289	7	564	47	611
1953	118	150	299	7	573	57	630
1954 1/	107	140	295	9	551	49	600

1/ Partly estimated.

Table 16.- Cleaned peanuts (roasting stock): Supply and disposition

Year beginning September	Production	Imports	Stocks September 1	Exports 1/	Domestic disappearance	
					Total	Per capita
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Lb.
Average 1938-41	68	2/	10	2/	69	0.5
1942	63	2/	6	2/	59	.4
1943	83	2	11	3	78	.6
1944	102	---	15	2	103	.7
1945	92	2/	13	5	80	.6
1946	71	2/	20	19	64	.4
1947	80	2/	8	10	67	.5
1948	77	2/	10	10	68	.5
1949	71	2/	9	4	64	.4
1950	77	2/	11	2	66	.4
1951	72	---	20	2	77	.5
1952	77	---	13	1	75	.5
1953	77	2/	13	2/	77	.5
1954 3/	68	---	13	2/	68	.4
1955			4/ 13			

1/ Includes shipments. 2/ Less than 500,000 pounds. 3/ Partly estimated.
4/ Estimated.

In each outlook issue of The Fats and Oils Situation, usually issued in October, a table is carried giving production forecasts for major individual fats and oils for the current marketing year beginning October 1. These forecasts relate to production of fats and oils from domestic materials and include in the production estimates the oil equivalent of domestic oilseeds to be exported. These forecasts subsequently are revised, usually in the January issue. The forecasts for vegetable oils published in October are based largely on the October crop report, and other sources of information are used for animal fats. Subtotals are shown in the tables for edible animal fats, consisting chiefly of butter and lard, edible vegetable oils, soap fats, and drying oils. Analyses are discussed here for butter, lard, edible vegetable oils, soap fats, drying oils, and total fats and oils.

Data relating to forecasts were available only for the years beginning October 1950-53. When based on such a short period, the analyses give only a general idea of the existing relationships between the variables studied. Moreover, it should be recognized that these years were unusually difficult to forecast because of the effect of various Government programs on the fats and oils economy.

One way in which differences between early-season forecasts and final production estimates can be studied is in terms of the standard deviations of such differences. Standard deviations are a measure of the amount of scatter or dispersion about an average such that the average plus or minus one standard deviation ordinarily will include about two-thirds of the observations. With the kind of data analyzed in this study, the size of the standard deviation directly indicates the relative size of the difference between any given forecast and actual production. Standard deviations are shown in table 17, both in terms of million pounds and as a percent of average production. In terms of percentages, the differences between the forecasts and actual output were relatively small for lard, total edible vegetable oils, and total fats and oils and relatively large for the drying oils, for both the October and the January forecasts.

Another way to study the usefulness of the early-season production forecasts in connection with price or utilization forecasts is in terms of the year-to-year changes in production that could be forecast by making use of them. Results from this method of analysis are much different from those based on relative standard deviations because of differences in the year-to-year variability of the several series. Production of total edible vegetable oils and of all fats and oils was relatively stable from one year to the next for the years included in this analysis, so that a small error in estimating the absolute level of output corresponds to a large percentage error in terms of year-to-year changes. Drying oils, on the other hand, varied greatly from year-to-year, so that a relatively large error of forecast in level is relatively small in relation to the year-to-year variation.

In terms of changes from one year to the next, over 95 percent of the variation in production of lard could be forecast using either the October or the January figures. Drying oils, dominated by linseed oil, gave results that were almost as good. For these oils, about 85 percent of the year-to-year variation in the final figure was accounted for by the October forecast, and this percentage increased to over 95 percent for the January forecast. For butter, less than 50 percent of the variation in the final figure was accounted for by the October forecast, but this increased to over 95 percent for the January figure.

The total for edible vegetable oils is made up chiefly of soybean and cottonseed oils. For both cotton and soybeans, over 90 percent of the year-to-year variation in production is accounted for by the October forecast issued by the Crop Reporting Board. However, for the years included in this analysis, less than 50 percent of the year-to-year variation in production of total edible vegetable oils was accounted for by the forecasts issued in October and January. The lower percentage for production of oil than for production of the raw materials results partly from the fact that uses for purposes other than crushing and exports are fairly stable, so that an error in the forecast of the size of the crop has a greater effect percentagewise on production of the oil. Other contributing factors arise from difficulties of forecasting (1) carryover of soybeans and cottonseed, (2) uses for the raw materials for purposes other than crushing or export, and (3) year-to-year variations in the yield of oil per unit crushed. Errors in forecasting production of the less important edible oils, such as peanut and corn oil, also contribute to the error in this total. A further factor is that for these years, year-to-year changes in production of vegetable oils were much smaller than normal.

Little is known about the factors that affect year-to-year changes in production of inedible tallow and grease, the chief component of the total for soap fats. This is reflected in the low degree of relationship for this item. The percentage of associated variation was less than 25 percent for both October and January.

In some series, errors in forecast for the components are essentially unrelated. When this is true, they tend to offset each other and the total generally can be forecast with greater accuracy than can the components. For other series, errors tend to cumulate and are larger for the total than for any one of the components. This appears to be the case for fats and oils. For the years used in this analysis, use of total production in the previous year as a forecast for the current year would have resulted in a more accurate estimate for the total than that obtained by adding together the separate forecasts for the components. However, for 1931-53, year-to-year variations in production of total fats and oils averaged 7 percent of the actual average production for the period as contrasted with 2 percent for the years1950-53. Hence, with a more normal degree of year-to-year variation, the forecasts would be expected to be a useful guide as to the probable level of production in the current year.

By comparing the last and third from the last columns in table 17, it will be seen that over the period 1931-53, production, on a year-to-year basis, was considerably more variable than in 1950-53 for lard, edible vegetable oils, and total fats and oils and considerably less variable for butter. Forecasts of year-to-year changes under normal conditions would tend to be more accurate than they were for 1950-53 for those series for which the long-term variability is larger than it was in 1950-53.

Table 17.- Production of specified fats and oils: Standard deviations of differences between final estimates and forecasts, 1950-53, and of year-to-year changes, 1950-53 and 1931-53

Item	Forecast issued in -				Year-to-year change in actual production based on -			
	October		January		1950-53		1931-53	
	Standard deviation 1/	Percentage of average production 2/	Standard deviation 1/	Percentage of average production 2/	Standard deviation 1/	Percentage of average production 2/	Standard deviation 1/	Percentage of average production 3/
	Million pounds	Percent	Million pounds	Percent	Million pounds	Percent	Million pounds	Percent
Butter	165	11	103	7	182	12	141	7
Lard	68	3	56	2	287	11	382	17
Total edible vegetable oils	293	6	129	3	111	2	339	12
Total soap fats	223	9	201	8	209	8	158	9
Total drying oils	132	18	110	15	226	31	168	35
Total fats and oils	667	5	453	4	247	2	696	7

1/ Standard deviations are a measure of the amount of scatter or dispersion about an average such that the average plus or minus one standard deviation ordinarily will include about two-thirds of the observations. For the October forecast for butter, the simple average of the differences between the forecast and the final figure, without regard to direction, was 134 million pounds, compared with the standard deviation of 165 million pounds. In 3 out of 4 years, the difference was equal to or less than the standard deviation; in a longer series, approximately two-thirds of the differences would be equal to or less than this figure.

2/ Based on actual production for the years 1950-53.

3/ Based on actual production for the years 1931-53.

Table 18.- Fats, oils, including margarine and shortening, and tall oil: Production from domestic and imported materials, and factory and warehouse stocks at end of month

Items grouped by major use	Production 1/					Stocks		
	October-July		1954	1955		1954	1955	
	1953-54	1954-55	July	June	July	July 31	June 30	July 31
	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.
PRIMARY FATS AND OILS								
Food fats and oils								
Butter 2/	1,267.5	1,163.2	129.7	152.9	125.3	503.9	334.5	351.8
Lard and rendered pork fat 3/	1,710.0	2,012.0	149.0	168.0	147.0	58.1	133.4	117.6
Oleo oil, oleo stock, edible animal stearine, and edible tallow	213.2	221.4	20.0	22.2	19.2	14.4	18.9	17.6
Total edible animal fats	3,190.7	3,396.6	298.7	343.1	291.5	576.4	486.8	487.0
Corn oil	209.6	221.9	19.9	23.6	21.3	19.5	18.1	17.9
Cottonseed oil	1,834.5	1,486.7	77.1	67.3	57.0	995.9	507.0	398.0
Olive oil, edible	1.5	3.1	---	---	---	4.9	7.8	5.3
Peanut oil	74.3	18.3	7.0	1.5	1.3	18.7	17.0	16.2
Soybean oil	2,058.8	2,285.6	173.2	243.6	235.8	211.0	150.4	186.7
Total edible vegetable oils	4,178.7	4,015.6	277.2	336.0	315.4	1,250.0	700.3	624.1
Soap fats and oils								
Tallow, inedible, and greases excluding wool grease 4/	2,173.2	2,312.8	215.7	240.8	220.6	289.4	245.2	257.3
Palm oil 6/	---	---	---	---	---	22.7	15.6	21.0
Fish oil	100.0	117.3	32.6	40.5	36.0	42.6	55.3	46.7
Whale and seal oils	---	---	---	---	---	8.7	11.4	10.6
Olive oil, inedible and foots	---	---	---	---	---	3.0	3.3	5/
Coconut oil 6/	364.1	360.4	34.9	41.3	29.1	62.4	88.8	97.7
Total soap fats	2,637.3	2,790.5	283.2	322.6	285.5	428.8	419.6	433.3
Drying oils								
Castor oil, dehydrated	13.7	17.1	1.4	2.3	1.4	4.1	2.5	2.3
Linseed oil	481.4	474.1	50.2	30.9	41.2	257.6	138.7	90.5
Oiticica oil	---	---	---	---	---	4.1	4.0	4.6
Tung oil	38.9	15.1	---	---	---	52.3	46.3	42.6
Total drying oils	534.0	506.3	51.6	33.2	42.6	518.1	191.5	140.0
Other industrial oils and fats								
Neat's-foot oil	1.8	6/ .4	.1	---	---	.9	7/	7/
Sperm-oil 6/	---	---	---	---	---	8/	8/	8/
Wool grease	5.0	6/1.1	.5	---	---	1.6	7/	7/
Cod oil and fish-liver oils	1.1	1.6	.2	.1	.1	5.8	1.4	.7
Castor oil, No.1 and No.3 9/ 10/	41.2	32.2	1.5	1.5	1.9	26.7	37.6	40.3
Rapeseed oil	---	---	---	---	---	1.8	2.6	2.5
Other vegetable oils	17.7	29.6	1.1	2.6	1.2	34.0	40.8	43.9
Total	66.8	64.9	3.4	4.2	3.2	70.8	82.4	87.4
Grand total 10/	11/11,013.2	11/11,158.6	914.2	1,039.0	938.2	2,644.2	1,880.5	1,771.9
From domestic materials	11/10,594.1	11/10,748.9	876.4	993.9	905.8			
From imported materials	419.1	409.7	37.8	45.2	32.4			
FAT-AND-OIL PRODUCTS								
Margarine 13/ -- Colored								
Uncolored								
Total	1,122.8	1,140.8	87.4	105.0	79.7	22.8	25.6	24.3
Shortening	1,593.7	1,728.8	112.3	188.8	122.0	98.8	154.2	138.9
Tall oil	276.8	393.5	28.4	46.7	27.2	69.2	60.0	62.4

1/ Factory production except as otherwise noted.
2/ Creamery butter production and cold-storage stocks, United States Department of Agriculture.
3/ Total commercial. Excludes farm production. Federally inspected in October 1953-July 1954 totaled 1,469.7 million pounds; October 1954-July 1955 totaled 1,740.6 million pounds.
4/ Total apparent production, Agricultural Marketing Service. (Computed from factory consumption, trade and stocks.)
5/ Included in "other vegetable oils."
6/ October-December.
7/ Not reported after December 1954.
8/ Included in "whale and seal oils."
9/ Production of No. 1 and No. 3 minus production of dehydrated castor oil.
10/ Computed from unrounded numbers.
11/ Includes estimated output of farm butter and farm lard, 406 million pounds October 1953-July 1954 and 390 million pounds in October 1954-July 1955.

Compiled from reports of the Bureau of the Census, except as noted. Data include stocks held by the Government in reported positions.

Table 19.- Imports and exports of fats, oils, oil-bearing materials and fat-and-oil products in terms of oil

Item	Imports for consumption				Exports 1/			
	Oct.-July	1955			October-July		1955	
	1954-55	May	June	July	1953-54	1954-55	June	July
	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.
Food fats and oils								
Butter	.7	2/	.1	.1	38.4	168.5	27.2	12.7
Lard	---	---	---	---	343.1	461.8	32.4	29.9
Oleo oil	---	---	---	---	3.6	3.3	.4	.5
Oleo stock	---	---	---	---	8.8	18.1	2.1	1.9
Stearine, animal, edible	---	---	---	---	2.3	.8	.3	.1
Tallow, edible	.1	---	---	---	18.7	4.6	.3	.8
Total, edible animal fats	.8	2/	.1	.1	414.9	657.1	62.7	45.9
Cottonseed oil	---	---	---	---	347.1	632.7	66.0	81.1
Cottonseed (15.5 percent)	---	---	---	---	4.5	6.6	.1	2/
Olive oil, edible	47.5	3.4	4.0	3.7	---	---	---	---
Peanut oil	26.8	4.3	3.1	1.4	8.6	.5	.1	.2
Peanuts, shelled (43 percent)	---	---	---	---	67.7	---	---	---
Soybean oil	---	---	---	---	67.9	38.6	3.1	6.3
Soybeans (18.3 percent) 3/	2/	2/	---	2/	401.7	577.5	29.7	48.7
Stearine, vegetable oil, winter	---	---	---	---	.6	---	---	---
Other vegetable oils	5.7	.8	.7	.4	42.2	28.4	1.1	1.5
Total, edible vegetable oils	80.0	8.5	7.8	5.5	940.3	1,284.3	100.1	137.8
Soap fats and oils								
Fish and fish liver oils non-medicinal	15.9	1.0	.5	.2	128.3	84.3	2.4	14.9
Greases	2.1	---	.1	---	147.4	132.3	11.5	14.4
Marine mammal oils	37.5	.7	1.6	11.2	.1	.3	2/	.1
Foots and soap stock, including olive oil	1.8	.7	.9	---	9.2	10.7	2/	1.4
Palm oil	49.9	3.7	3.6	6.7	---	---	---	---
Tallow, inedible	1.3	.2	2/	2/	834.4	903.5	100.9	97.6
Total, slow-lathering oils	108.5	6.3	6.7	18.1	1,119.4	1,131.1	114.8	128.4
Babassu oil	---	---	---	---	---	---	---	---
Babassu kernels (63 percent)	11.0	---	---	---	---	---	---	---
Coconut oil	122.7	9.8	14.3	11.0	9.6	8.4	.6	.7
Copra (63 percent)	345.7	40.0	38.5	35.4	.1	.5	---	---
Palm kernel oil	53.2	3.9	2.6	4.3	---	---	---	---
Tucum kernels (43 percent)	---	---	---	---	---	---	---	---
Total, lauric-acid oils	532.6	53.7	55.4	50.7	9.7	8.9	.6	.7
Drying oils								
Flaxseed (35.4 percent)	2/	---	---	---	72.1	95.2	1.0	---
Linseed oil	2/	---	---	---	394.1	210.5	7.1	22.5
Oiticica oil	10.0	1.1	.4	3.5	---	---	---	---
Tung oil	22.1	1.7	1.8	---	.3	3.2	.4	.4
Total	32.1	2.8	2.2	3.5	466.5	308.9	8.5	22.9
Other industrial oils and fats								
Cashew nut shell liquid (oil)	7.3	.2	.7	1.0	---	---	---	---
Castor oil	77.4	12.3	13.0	5.6	.8	.9	.1	.1
Castor beans (45 percent)	37.9	3.2	1.6	2.8	---	---	---	---
Fish-liver oils, medicinal	18.0	2.0	1.3	1.4	.3	.3	2/	2/
Neat's-foot oil and stock	2/	---	---	---	.3	.4	2/	2/
Rapeseed oil	6.2	1.2	.1	.6	---	---	---	---
Wool grease	5.4	.7	.6	.5	---	---	---	---
Other vegetable oils and fats, inedible	.2	2/	2/	2/	8.8	7.6	.6	.8
Total	152.4	19.6	17.3	11.9	10.2	9.2	.7	.9
Other products (fat content)								
Margarine 4/	.1	2/	2/	2/	2.4	2.6	.2	.2
Shortening	2/	---	---	---	13.6	37.5	11.9	5.1
Cooking and salad oils	---	---	---	---	1.6	3.5	5/	5/
Salad products 6/	---	---	---	---	1.8	2.0	.3	.2
Soap	.8	.1	.1	2/	15.4	12.0	1.1	1.0
Fatty acids	.7	.1	.2	2/	14.4	14.4	1.1	1.4
Total	1.6	.2	.3	2/	49.2	72.0	14.6	7.9
Grand total 7/	907.8	91.2	89.6	89.6	3,010.1	3,471.4	302.0	344.4
Tall oil	---	---	---	---	50.1	49.7	4.4	.7

1/ Includes re-exports of coconut, palm, and tung oils, olive-oil foots and copra. Does not include shipments.
2/ Less than 50,000 pounds.
3/ October 1953-July 1954, 17.5 percent.
4/ Imported margarine goes largely to Puerto Rico and the Virgin Islands.
5/ Included in "Other vegetable oils, edible" beginning January 1955.
6/ Includes mayonnaise and salad dressing.
7/ Computed from unrounded numbers.

Compiled from reports of the Bureau of the Census, and the United States Department of Agriculture.

Table 20.- Index numbers of wholesale prices of fats and oils

Item	1947-49=100				
	August		1955		
	1953	1954	June	July	August
All fats and oils	74	75	70	69	67
All fats and oils, except butter	62	70	61	60	57
Grouped by origin:					
Animal fats	78	77	71	71	70
Vegetable oils, domestic	61	72	66	62	59
Vegetable oils, foreign	83	72	67	66	62
Grouped by use:					
Butter	94	82	82	82	82
Butter, seasonally adjusted	99	86	89	88	86
Lard	81	94	60	59	55
Food fats other than butter	70	82	66	63	59
Food fats other than butter and lard	63	73	69	64	61
All edible fats and oils	83	82	76	73	71
Soap fats	43	51	52	55	54
Drying oils	69	70	59	59	59
Other industrial	51	56	55	56	54
All industrial	51	56	54	56	56
Edible vegetable oils, grouped by degree of processing:					
Crude	63	74	69	64	61
Refined	71	79	77	75	71
End products	83	87	84	84	81

All indexes except "Butter, seasonally adjusted" and "Other industrial" from Bureau of Labor Statistics.

Table 21.- Price received by farmers and prices at terminal markets for specified oil-bearing materials and oilmeals

Item	Unit	August		1955		
		1953	1954	June	July	August
		Dollars	Dollars	Dollars	Dollars	Dollars
Castor beans, Brazilian ports	Long ton	135.00	104.00	107.50	112.00	115.00
Copra, Philippines, c.i.f. Pacific Coast	Short ton	183.12	163.12	161.25	161.00	147.00
Cottonseed, United States average	Short ton	56.70	61.30	52.00	54.00	50.10
Flaxseed, No. 1, Minneapolis	Bushel	3.56	3.47	3.35	3.29	3.15
Flaxseed, United States average	Bushel	3.21	3.03	2.99	2.95	2.81
Peanuts, No. 1, shelled, Spanish, Southeastern shipping points*	100 lb.	20.12	19.12	27.62	26.25	20.50
Peanuts, United States average	100 lb.	11.10	11.40	12.50	12.40	12.20
Soybeans, No. 2, Yellow, Chicago	Bushel	---	4.00	2.38	---	---
Soybeans, No. 1, Yellow, Illinois country shipping points	Bushel	2.55	3.55	2.42	2.36	2.39
Soybeans, United States average	Bushel	2.40	3.23	2.32	2.23	2.20
		Oilseed Meals 1/				
Copra meal, Los Angeles 2/	Short ton	69.00	64.30	69.05	73.50	73.80
Cottonseed meal, 41 percent protein, Memphis.	Short ton	62.60	75.70	58.90	60.75	59.90
Cottonseed meal, 41 percent protein, Chicago.	Short ton	74.60	83.35	70.45	71.80	70.30
Linseed meal, 36 percent protein, Minneapolis	Short ton	63.25	63.70	61.00	60.75	59.70
Linseed meal, 34 percent protein, New York	Short ton	78.25	79.35	80.25	80.80	80.50
Peanut meal, 45 percent protein, f.o.b. Southeastern mills	Short ton	68.20	83.30	67.50	66.25	62.00
Soybean meal, 44 percent protein, Chicago	Short ton	73.15	98.35	62.35	64.60	65.05
Soybean meal, 44 percent protein, bulk, Decatur	Short ton	62.00	87.60	52.15	53.90	54.30

1/ Bagged carlots, except soybean meat at Decatur, which is bulk. 2/ Original quotations adjusted to bagged-carlots basis. Starting in July 1954 the quotations are for copra cake, for which there may be a premium ranging from 0 to $1.00 per ton.

*This price applies to peanuts for edible uses.

Compiled from Oil, Paint, and Drug Reporter, Daily Market Record (Minneapolis), Wall Street Journal, Chicago edition, reports of the Agricultural Marketing Service, and records of the Commodity Stabilization Service.

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